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COSTANZA
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FIRST LADY
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THE WHITE HOUSE

WASHINGTON

November 7, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SANDERS *Ed*

SUBJECT: Supplemental Foreign Assistance Request
for the Middle East.

To facilitate and give additional impetus to the peace process, I recommend that you consider making a supplemental request to Congress for financial assistance to Egypt and Israel if as is expected the current talks succeed, and particularly if you will be going to the Middle East this fall.

I believe such a request is advisable for the following reasons:

- (a) Needs: Both Egypt and Israel have a strong requirement for additional foreign assistance this year. In the Israeli case, the cost of constructing the new airfields in the Negev as well as the cost of relocating forces currently in the Sinai are one time urgent expenses that will strain Israel's budget. In the case of Egypt, the new infusion of assistance will help Egypt resist pressures from other Arab nations while it proceeds along the road to economic development.
- (b) Expectations: Both Egypt and Israel expect that peace will lead to concrete economic benefits. A supplemental aid request could serve as both fiscal and psychological cement to build on the peace treaty.
- (c) Budgetary Considerations: If we are going to increase assistance to Egypt and Israel in the coming fiscal year, it is important to emphasize that this is not a long term incremental increase in our existing foreign assistance budget. On the contrary, we would expect that our assistance to these countries will eventually decline. A supplemental request would enable us to provide more aid this year while demonstrating our long term intention to hold spending down.

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- (d) Demonstration Value: It is clearly in the American interest to demonstrate to all the nations of the Middle East that they have something to gain by pursuing the peace process. A supplemental request would emphasize the American commitment to strong relations with Egypt, and would help President Sadat resist external pressures to abandon the peace process.
- (e) Congressional Support: A supplemental request would be extremely well received by the Congress and would provide a substantive vehicle by which the Congress could endorse the Egyptian-Israeli treaty.

If this general recommendation meets with your approval, I would like to assist in its detailed consideration.

ES:ss